

Biotechnology

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Qponics seeks AUD 7m (USD 5m) pre-IPO funding ahead of listing by mid-2019 – CEO

 Proprietary Intelligence

Headline:	Qponics seeks AUD 7m (USD 5m) pre-IPO funding ahead of listing by mid-2019 - CEO
Main body:	<p>Qponics, a public unlisted Queensland-based Australian agribusiness, is actively seeking AUD 7m (USD 5m) for 38.5% of the company in pre-IPO funding ahead of a listing on a suitable Australian stock exchange by mid-2019, Chief Executive Officer Graeme Barnett said.</p> <p>Brisbane-based corporate advisory firm BlueMount Capital has exclusively been mandated to assist with the raise, Barnett said, noting that the offer will close on 31 March 2019 unless filled prior. Qponics, which will use state-of-the-art technologies to produce algae and algae-derived products, is happy to hear from advisors in its target markets with potential investors, he said.</p> <p>The company is targeting sophisticated investors in Australia and overseas including the US where the passing of the Algae Agriculture Act of 2018 is aimed at promoting algae farming; in Europe and the UK, where there is a high level of awareness of the benefits of producing omega-3 fatty acids from algae; and in Asia, from markets like China and India that have high levels of pollution, as well from Malaysia, Japan and Taiwan, Barnett said.</p> <p>The company is seeking capital to upgrade its existing pilot algae farm in Pinjarra Hills, Brisbane; to purchase a 167.5 ha property in Ballina, New South Wales to produce commercial-scale algae for global markets; and to prepare the company for listing by June 2019, details of which are still being finalized with BlueMount Capital, Barnett said.</p> <p>Incorporated in 2011, Qponics has 32 shareholders with co-founders Barnett and Geoff Wilson being the largest with 36% and 23% respectively, the CEO said. Total funds received by the company to date include AUD 453,359 in equity capital, AUD 419,619 in tax refunds and AUD 625,000 received to date from the Australian government's AUD 1m Cooperative Research Centres Project, he noted.</p> <p>Qponics forecasts revenue of AUD 5.9m and EBITDA of AUD 1m in 2020 and revenue of AUD 30.4m and EBITDA of AUD 19m in 2021, Barnett said. The global wholesale market for algal EPA oil has increased significantly in recent years to more than USD 500m in 2018 and the wholesale price per kg currently exceeds USD 250, he noted.</p> <p>Qponics cultivates <i>Nannochloropsis</i>, a species of fast-growing algae, rich in high-value eicosapentaenoic acid (EPA), an omega-3 fatty acid product in high global demand, particularly in Asia, with Houston, Texas-based</p>

	<p>Qualitas Health being the only current producer cultivating Nannochloropsis, according to Barnett. Qponics is believed to be the only Australian company producing or preparing to produce algal EPA omega-3 oils that can claim to be vegetarian, Australian-made, and sustainably produced in a semi-urban environment, he added.</p> <p>by Louise Weihart in Sydney</p>
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Target:	Qponics
<i>Financial advisor:</i>	BlueMount Capital
Source :	Proprietary Intelligence
Size :	
Value :	5m USD (Potential deal value)
Stake Value :	N/A
Grade :	Confirmed
Alert :	Australian M&A Intelligence
Intelligence ID:	2740296



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